

## Lesson 4: Misunderstanding pivot

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In this series of articles, I share some important lessons I've learned using a sequence that mirrors the typical stages of any entrepreneurial journey - from ideation through to scaling a business.



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The business world is notorious for generating trendy concepts, phrases and buzzwords that become part of the general business lexicon – despite a common lack of understanding of what they actually mean. "Best of breed", "paradigm shifts", "disruption", "technology stack" are just a few such buzzwords.

A more recent example is "pivot". This word is used to describe everything from starting something completely new to a minor iteration and everything in between. Everyone these days seems to be happily "pivoting" – in whatever form their change of direction may take.

The first thing to note is that the concept of pivoting is not new; it has been going on for centuries in business. In its truest sense, a pivot is a significant change in strategic direction – the words "significant" and "strategic" being key. A minor modification to your product, service or strategy is just that – an iteration or an upgrade. It would be a stretch to call it, as too many do, a pivot.

But the interpretation that concerns me the most is when an entrepreneur completely changes their business through a brand-new product or service and calls that “to pivot”.

Here is a real sentence I heard recently from an entrepreneur: “We were in technology retail and decided to pivot to ‘dark kitchen’.” (“Dark kitchen” is an even newer, trendier business concept that signifies a no-frills kitchen that services high-demand areas such as the online food-delivery market.) Now, in my opinion, that is not a pivot. That is a complete shutdown of one business and the opening up of a completely new business.

Somehow, using the word pivot helps the entrepreneur to conceal any shame they may be feeling (shame which, by the way, should not exist) for closing down a business that is not profitable and starting up a brand-new different type of business.

A true pivot may be an entirely new market segment, a new market geography, a different channel to market, for example, selling online as opposed to the traditional bricks and mortar setup. If you are already selling online but change your website, that’s an upgrade. If you’re moving from bricks and mortar to online, that’s a pivot. In essence, a pivot is normally experienced as a change in market or route to market or product set.

The problem is that too many entrepreneurs use the term pivot as a form of permission to make changes to their business strategy simply because it has become difficult. Instead of pushing through the tough times or difficult moments, they interpret the difficulties as a sign that they’re on the wrong track and then far too easily make the decision to go in a completely different direction. It’s not too long before they once again experience difficulties and decide to “pivot” again to something new, leaving behind them the devastation of multiple failed businesses.

When I am working with businesses that are contemplating pivoting, I make sure that they are able to discern whether this is just a difficult moment or a clear signal from the market to pivot. This kind of rigour in thinking requires a brave yet vulnerable relationship with the true state of the business and the reasons behind low sales or low profitability.

Only once we have ascertained that we have done everything possible to push through the strategy in its current form or manifestation and that we are still not gaining traction should we even consider the notion of pivoting. Ultimately, you need to pause before you pivot!

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Allon Raiz is the CEO of Raizcorp. In 2008, Raiz was selected as a Young Global Leader by the World Economic Forum, and in 2011 he was appointed for the first time as a member of the Global Agenda Council on Fostering Entrepreneurship. Following a series of entrepreneurship master classes delivered at Oxford University in 2014, 2015 and 2016, Raiz has been recognised as the Entrepreneur-in-Residence at the University of Oxford's Saïd Business School.

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